

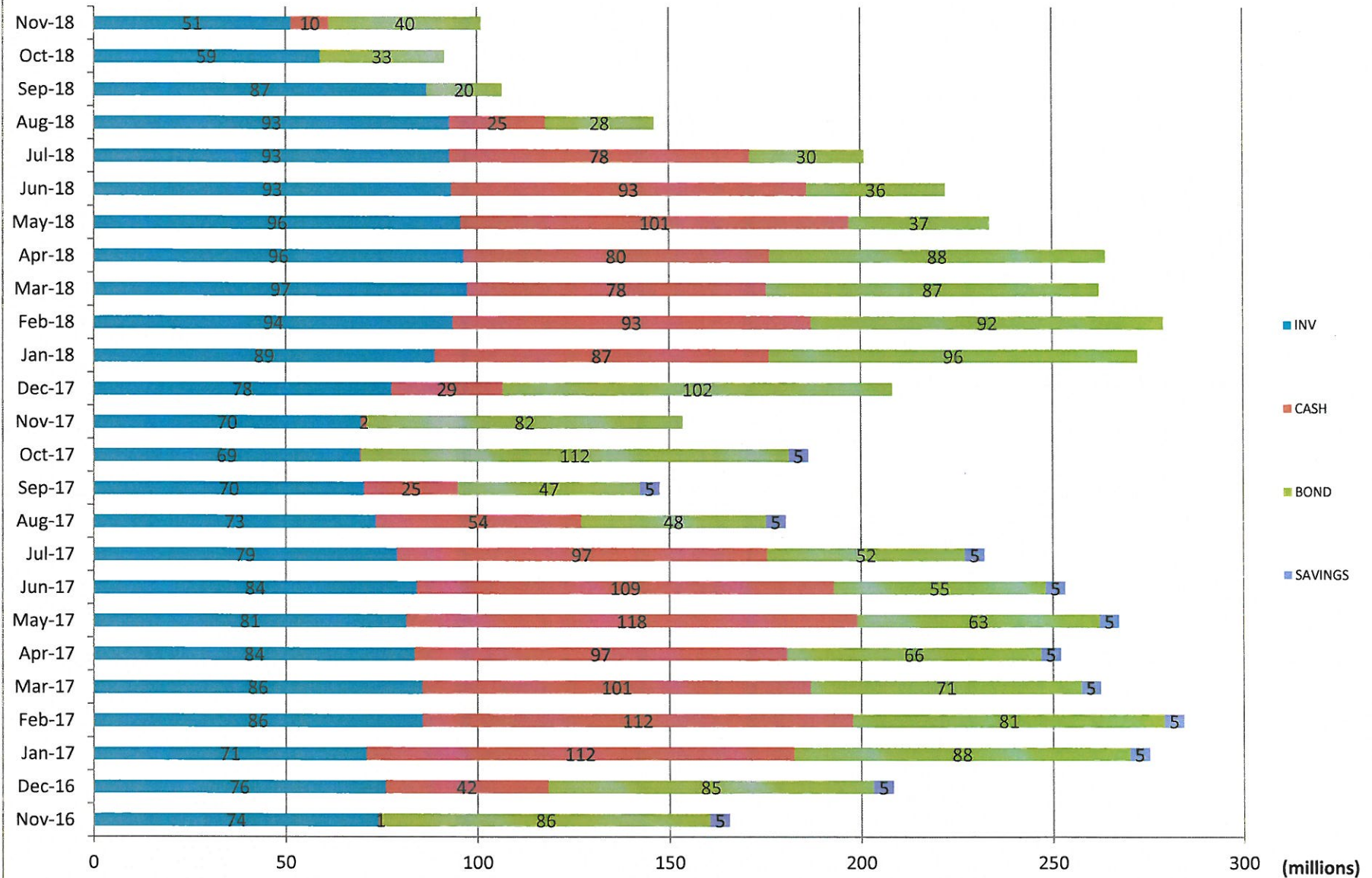
# Louisville Metro Investment Council



December 17, 2018

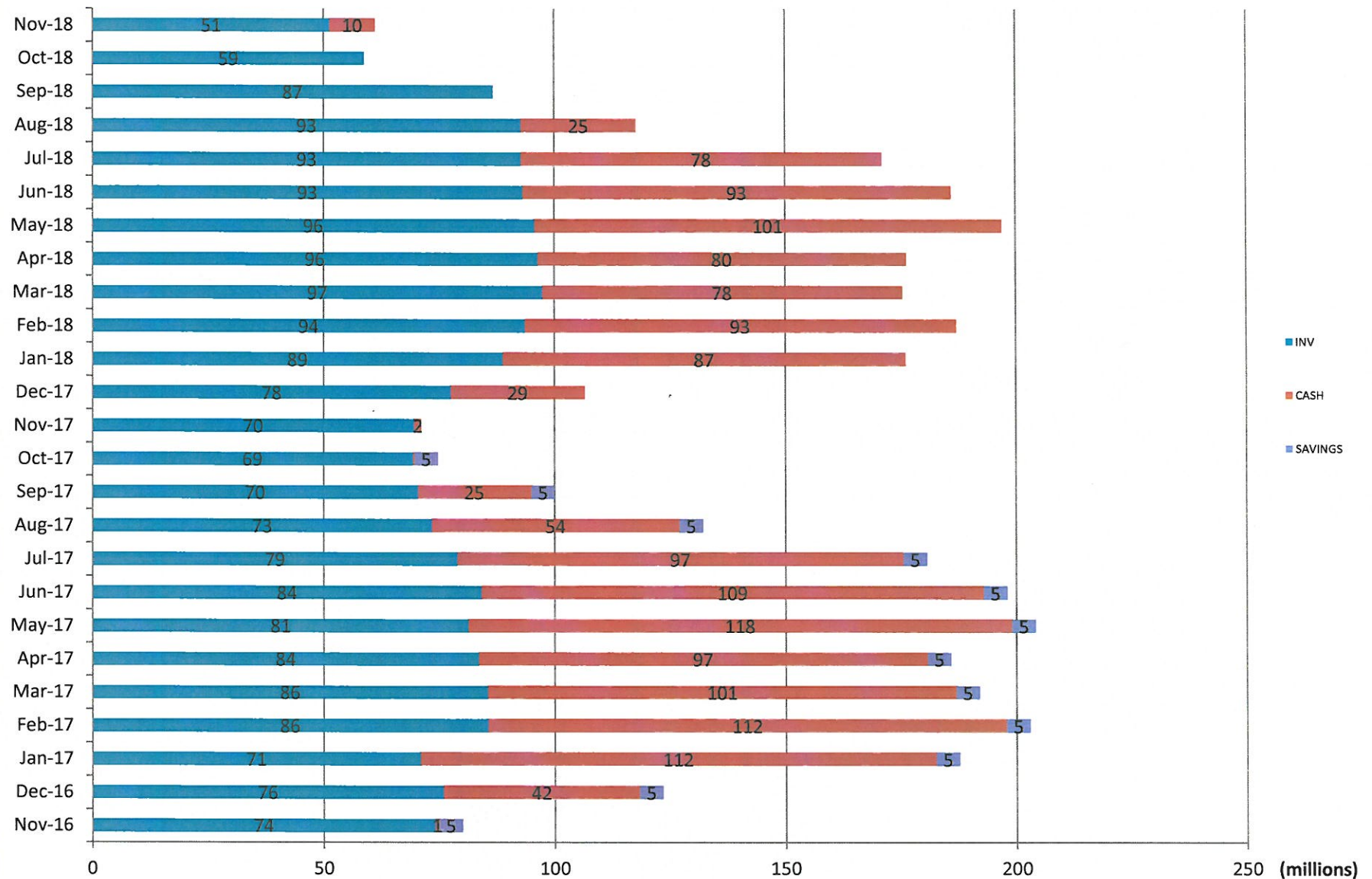
# **PORTFOLIO COMPOSITION**

## Metro Total Cash Position as of 11/30/18





## Metro Cash Position (Excluding Bond Proceeds) as of 11/30/18



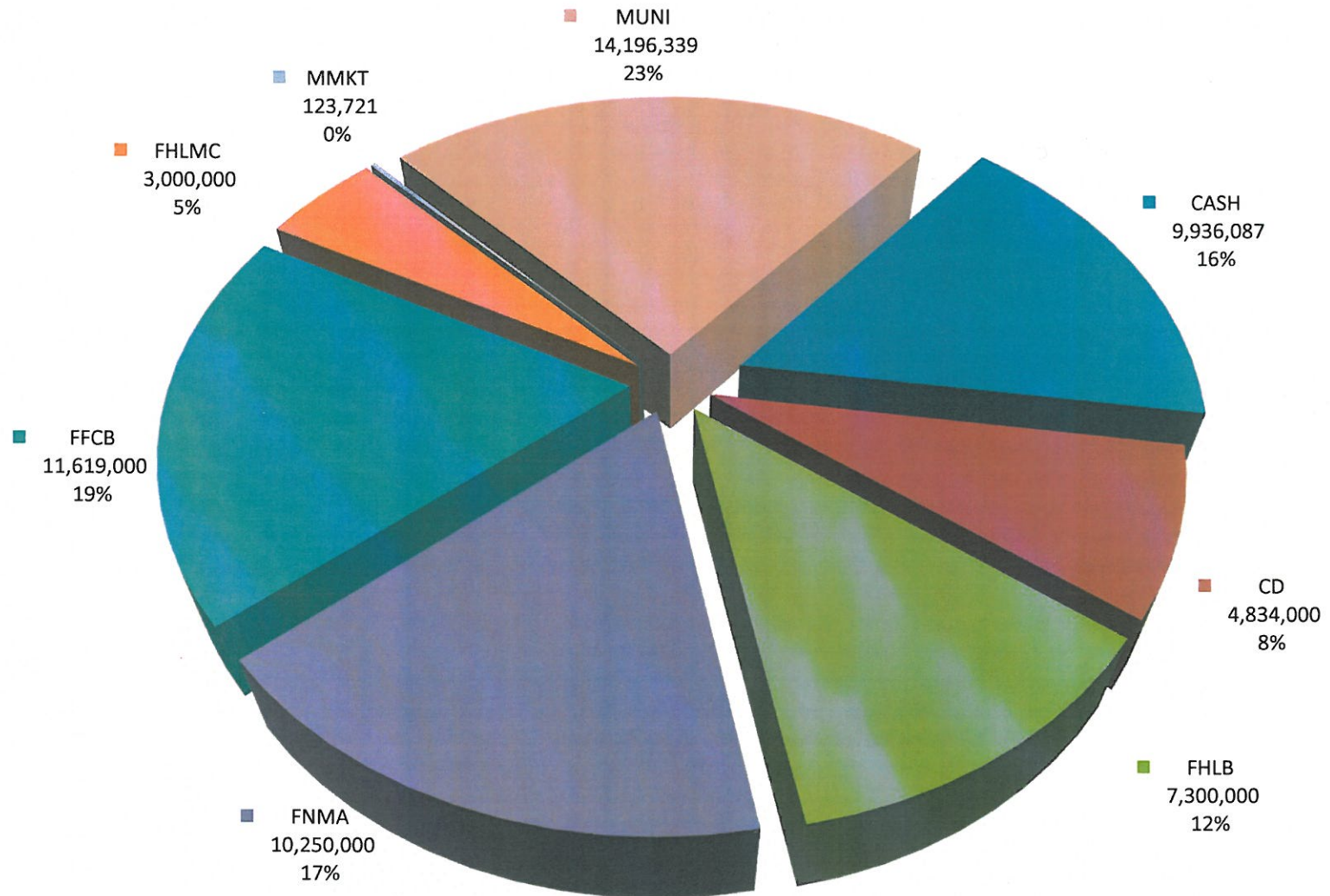


**Acc Int / Amort / Mkt Val**  
**Lou / Jeff Cty Metro Finance**  
**Effective Interest - Callable Life**  
**Receipts in Period**  
**11/30/2018**

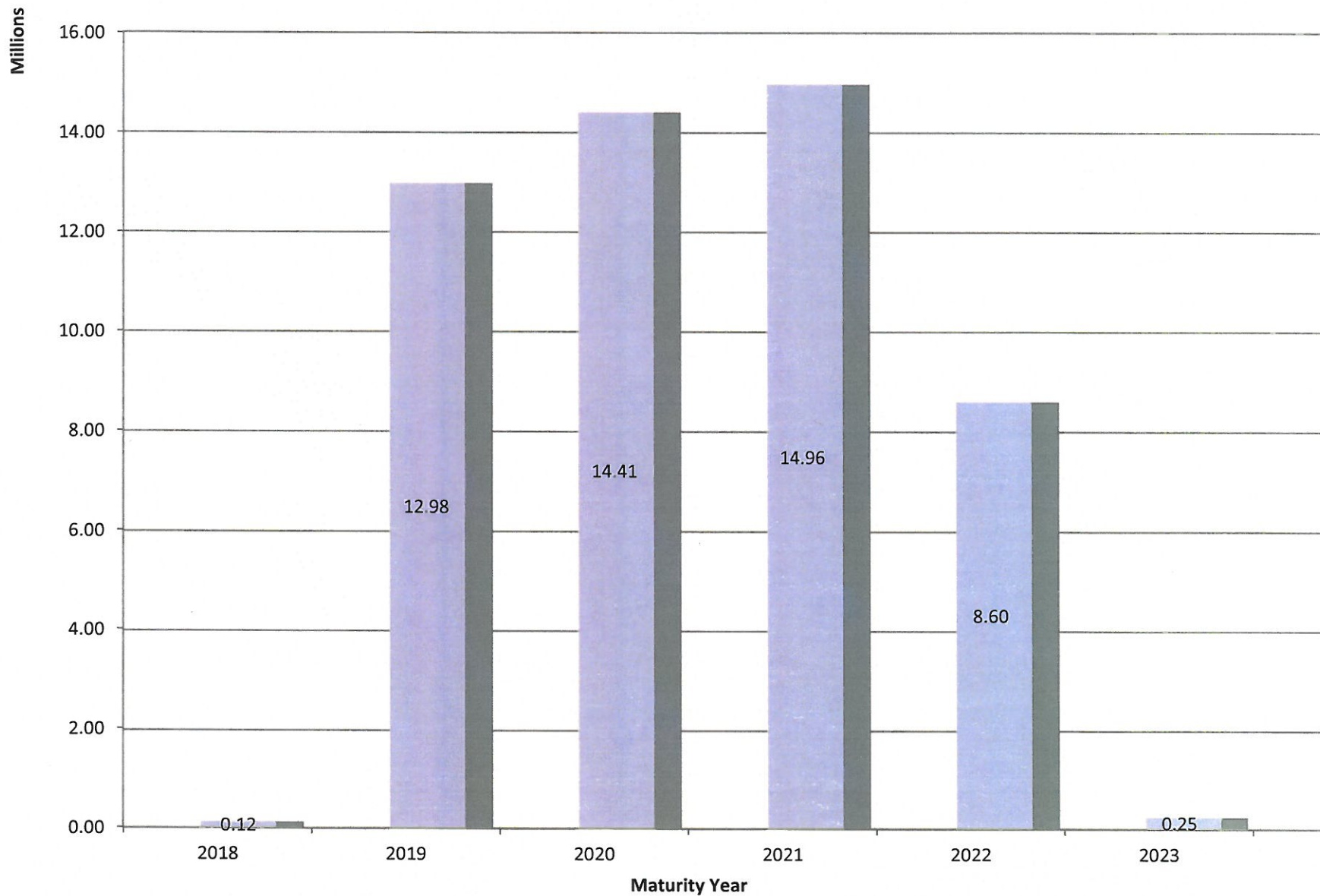
	Invest Number	CUSIP	Security Description	Call Date	Purchase Date	Ending Par Val/Shares	Ending Amor Val/Cost	Ending Market Val	Amortization Purch/Date	PTD Purch Received	Int/Div Rec Purch/Date	Int/Div Accrued Purch/Date	Purch Int + Acc Int
Cash	AR-0046	METRO CONC 53- 714868609	Cash Account	Open	09/22/08	9,267,792.55	9,267,792.55	9,267,792.55	0.00	0.00	887,472.42	0.00	0.00
	AR-0054	METRO SAFEKEEPING - 1050996303	Cash Account	Open	12/30/16	668,294.91	668,294.91	668,294.91	0.00	0.00	53,861.46	0.00	0.00
	<b>Cash Total</b>					<b>9,936,087.46</b>	<b>9,936,087.46</b>	<b>9,936,087.46</b>	<b>0.00</b>	<b>0.00</b>	<b>1,317,230.61</b>	<b>0.05</b>	<b>0.05</b>
Certificate of Deposit	18-0057	02007GAQ6	ALLY BK UTAH 2.25 01/27/20	Open	01/25/18	250,000.00	250,000.00	250,000.00	0.00	0.00	2,789.38	2,015.63	2,015.63
	18-0058	211163GW4	CONT BANK UTAH 2.10 07/26/21	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	2,603.42	1,866.67	1,866.67
	18-0059	55266CYB6	MB FINL BK ILL 2.35 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	4,893.15	65.28	65.28
	18-0060	58404DBA8	MEDALLION BK UTAH 2.40 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	4,997.26	66.67	66.67
	18-0061	857894WJ4	STEARNS BK MINN 2.20 01/26/21	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	4,580.79	61.11	61.11
	18-0062	27113PCG4	EAST BOSTON SVGS 2.30 07/30/21	Open	01/30/18	250,000.00	250,000.00	250,000.00	0.00	0.00	2,851.37	982.14	982.14
	18-0065	501798LQ3	LCA BANK CORPORATION 2.60 02/28/22	Open	02/28/18	246,000.00	246,000.00	246,000.00	0.00	0.00	3,171.72	1,687.83	1,687.83
	18-0067	856285JS1	ST BK IND NYC 3.00 03/06/23	Open	03/06/18	246,000.00	246,000.00	246,000.00	0.00	0.00	3,720.33	1,763.00	1,763.00
	18-0068	254673MW3	DISCOVER BANK 2.65 03/08/21	Open	03/07/18	246,000.00	246,000.00	246,000.00	0.00	0.00	3,286.29	1,521.10	1,521.10
	18-0070	75272LAD8	RANDOLPH SAVINGS BANK 2.60 03/09/22	Open	03/09/18	246,000.00	246,000.00	246,000.00	0.00	0.00	3,224.28	1,474.63	1,474.63
	18-0075	CD423	METRO 1.50 05/07/19	Open	05/07/18	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	7,561.64	958.33	958.33
	18-0084	CD075	METRO 1.50 06/07/19	Open	06/07/18	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	6,287.67	958.33	958.33
	19-0003	CD772	METRO 1.50 10/07/19	Open	10/07/18	100,000.00	100,000.00	100,000.00	0.00	0.00	127.40	95.83	95.83
	19-0004	CD1499	YCB 0.149 09/23/19	Open	10/23/18	250,000.00	250,000.00	250,000.00	0.00	0.00	31.83	7.24	7.24
	<b>Certificate of Deposit Total</b>					<b>4,834,000.00</b>	<b>4,834,000.00</b>	<b>4,834,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>50,126.53</b>	<b>13,523.79</b>	<b>13,523.79</b>
FFCB	17-0010	3133EGNK7	FFCB 1.32 07/27/20	07/27/17	07/27/16	3,000,000.00	3,000,000.00	2,927,340.00	0.00	0.00	79,200.00	13,640.00	13,640.00
	17-0022	3133EGVJ1	FFCB 1.16 09/28/19	09/28/17	09/27/16	3,000,000.00	3,000,000.00	2,962,680.00	0.00	96.67	69,600.00	6,283.33	6,380.00
	17-0077	3133EHMG5	FFCB 1.80 03/12/21	09/12/17	06/22/17	2,000,000.00	2,000,000.00	1,946,240.00	1,400.00	5,000.00	45,000.00	7,900.00	8,900.00
	18-0052	3133EHL43	FFCB 2.15 07/26/22	01/29/18	01/23/18	1,850,000.00	1,850,000.00	1,796,442.50	20,442.50	9,778.02	29,831.25	13,810.76	23,423.05
	18-0053	3133EHLR9	FFCB 2.00 07/19/21	07/19/18	01/23/18	1,769,000.00	1,769,000.00	1,727,516.95	12,383.00	393.11	17,690.00	12,972.67	13,365.78
	<b>FFCB Total</b>					<b>11,619,000.00</b>	<b>11,619,000.00</b>	<b>11,360,219.45</b>	<b>34,225.50</b>	<b>15,267.80</b>	<b>241,321.25</b>	<b>54,606.76</b>	<b>65,708.83</b>
FHLB	16-0071	3130A8JZ7	FHLB 1.22 12/30/19	06/30/17	06/30/16	2,900,000.00	2,900,000.00	2,850,323.00	0.00	0.00	70,760.00	14,839.94	14,839.94
	17-0046	3130AAQV3	FHLB 1.67 04/30/20	01/30/18	02/02/17	2,400,000.00	2,400,000.00	2,362,416.00	0.00	6,828.44	60,120.00	13,471.33	13,694.00
	17-0066	3130AAQB7	FHLB 2.00 08/16/21	02/16/18	02/16/17	2,000,000.00	2,000,000.00	1,941,960.00	0.00	0.00	60,000.00	11,666.67	11,666.67
	<b>FHLB Total</b>					<b>7,300,000.00</b>	<b>7,300,000.00</b>	<b>7,154,699.00</b>	<b>0.00</b>	<b>6,828.44</b>	<b>190,880.00</b>	<b>39,977.94</b>	<b>40,200.61</b>
FHLMC	16-0051	3134G9JT5	FHLMC 1.35 11/26/19	08/26/16	05/26/16	1,500,000.00	1,500,000.00	1,479,120.00	525.00	0.00	50,625.00	281.25	281.25
	17-0016	3134G9W37	FHLMC 1.45 08/10/20	11/10/16	08/10/16	1,500,000.00	1,500,000.00	1,464,915.00	0.00	0.00	43,500.00	6,706.25	6,706.25
	<b>FHLMC Total</b>					<b>3,000,000.00</b>	<b>3,000,000.00</b>	<b>2,944,035.00</b>	<b>525.00</b>	<b>0.00</b>	<b>94,125.00</b>	<b>6,987.50</b>	<b>6,987.50</b>
FNMA	17-0011	3136G3L37	FNMA 1.125 10/28/19	07/28/17	07/28/16	2,000,000.00	2,000,000.00	1,971,080.00	0.00	0.00	45,000.00	7,687.50	7,687.50
	18-0054	3134G95P8	FNMA STEP 1.625 08/25/21	02/25/18	01/26/18	2,000,000.00	2,000,000.00	1,956,800.00	15,000.00	13,631.94	33,750.00	10,000.00	23,361.11
	18-0055	3136G3ZP3	FNMA STEP 1.50 07/28/21	04/28/18	01/23/18	2,000,000.00	2,000,000.00	1,977,840.00	2,000.00	14,583.33	30,000.00	13,666.67	28,250.00
	17-0048	3136G4KD4	FNMA 1.75 06/29/20	06/29/17	02/03/17	2,000,000.00	2,000,000.00	1,967,000.00	0.00	3,305.56	52,500.00	14,777.78	18,083.34
	18-0056	3136G4QE6	FNMA 2.20 10/26/22	10/26/18	01/23/18	2,250,000.00	2,250,000.00	2,184,502.50	30,143.48	11,962.50	49,500.00	4,812.50	16,775.00
	<b>FNMA Total</b>					<b>10,250,000.00</b>	<b>10,250,000.00</b>	<b>10,057,222.50</b>	<b>47,143.48</b>	<b>43,483.33</b>	<b>210,750.00</b>	<b>50,944.45</b>	<b>94,156.95</b>
Money Market	AR-0001	MMKT FED - 5000638	Money Market	Open	07/01/99	161.69	161.69	161.69	0.00	0.00	1,652,556.03	0.00	0.00
	AR-0058	JPMORGAN MMKT - 00005017334	Money Market	Open	12/19/17	23,519.10	23,519.10	23,519.10	0.00	0.00	23,519.08	0.00	0.00
	AR-0059	GOLDMAN SACHS MMKT - 0188506760	Money Market	Open	12/19/17	39,064.58	39,064.58	39,064.58	0.00	0.00	39,064.57	0.00	0.00
	AR-0060	FEDERATED MMKT - 06090498885	Money Market	Open	12/19/17	23,629.33	23,629.33	23,629.33	0.00	0.00	23,629.30	0.00	0.00
	AR-0061	DREYFUS MMKT - 0616753258	Money Market	Open	12/19/17	37,346.61	37,346.61	37,346.61	0.00	0.00	37,346.60	0.00	0.00
	<b>Money Market Total</b>					<b>123,721.31</b>	<b>123,721.31</b>	<b>123,721.31</b>	<b>0.00</b>	<b>0.00</b>	<b>1,776,115.58</b>	<b>0.00</b>	<b>0.00</b>
Municipal Bond	15-0045	613357AF9	MONTG CO 2.44 11/01/19	Open	06/25/15	500,000.00	502,879.12	498,505.00	-10,370.88	1,830.00	42,700.00	1,016.67	2,846.67
	16-0065	64971WV39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,354,008.09	1,309,432.50	-4,348.41	4,999.58	51,967.49	7,605.00	11,534.25
	17-0004	047681NZ0	ATLANTA ETC REC 2.41 12/01/19	Open	07/22/16	720,000.00	727,555.23	714,751.20	-17,414.37	2,440.96	34,643.17	8,676.00	11,134.20
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	437,939.54	423,410.50	-14,625.96	2,104.72	25,439.17	6,375.00	8,500.00
	17-0027	64990E4G9	NY DORM AUTH C-TXBL 1.10 02/15/20	Open	09/30/16	1,000,000.00	1,000,000.00	976,630.00	0.00	1,138.20	21,052.78	3,238.89	3,666.67
	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,025,523.50	1,957,920.00	-23,376.50	1,666.67	84,800.00	8,951.11	10,717.78
	17-0029	64971WN97	NY TRANSITION TXBL 1.35 08/01/20	Open	09/30/16	2,625,000.00	2,633,640.27	2,554,020.00	-10,994.73	4,162.27	65,854.69	11,812.50	12,600.00
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	404,737.11	392,236.00	-4,938.89	2,831.62	16,363.17	4,106.00	6,797.71
	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	998,193.24	979,490.00	813.24	3,235.92	45,909.72	4,583.33	5,041.66
	17-0059	485429Y32	KANSAS ST DEV AUTH 2.608 04/15/20	Open	02/08/17	775,000.00	782,393.77	769,024.75	-9,477.98	6,344.32	40,424.00	2,582.64	8,926.96
	17-0075	041042VZ7	ARKANSAS ST 2.875 08/01/21	Open	06/09/17	800,000.00	820,382.66	798,536.00	-11,617.34	5,111.11	23,000.00	11,500.00	12,011.11
	18-0071	64966MWH8	NYC GO 2.80 03/01/22	Open	03/13/18	2,500,000.00	2,509,086.75	2,475,950.00	-1,888.25	0.00	33,250.00	17,500.00	17,500.00
	<b>Municipal Bond Total</b>					<b>14,095,000.00</b>	<b>14,196,339.28</b>	<b>13,849,905.95</b>	<b>-108,240.07</b>	<b>31,365.37</b>	<b>485,404.19</b>	<b>87,947.14</b>	<b>111,277.01</b>
	<b>Investment Total</b>					<b>61,157,808.77</b>	<b>61,259,148.05</b>	<b>60,259,890.67</b>	<b>-26,346.09</b>	<b>96,944.94</b>	<b>4,365,953.16</b>	<b>253,987.63</b>	<b>331,854.74</b>



## Total Portfolio Asset Allocation as of 11/30/2018



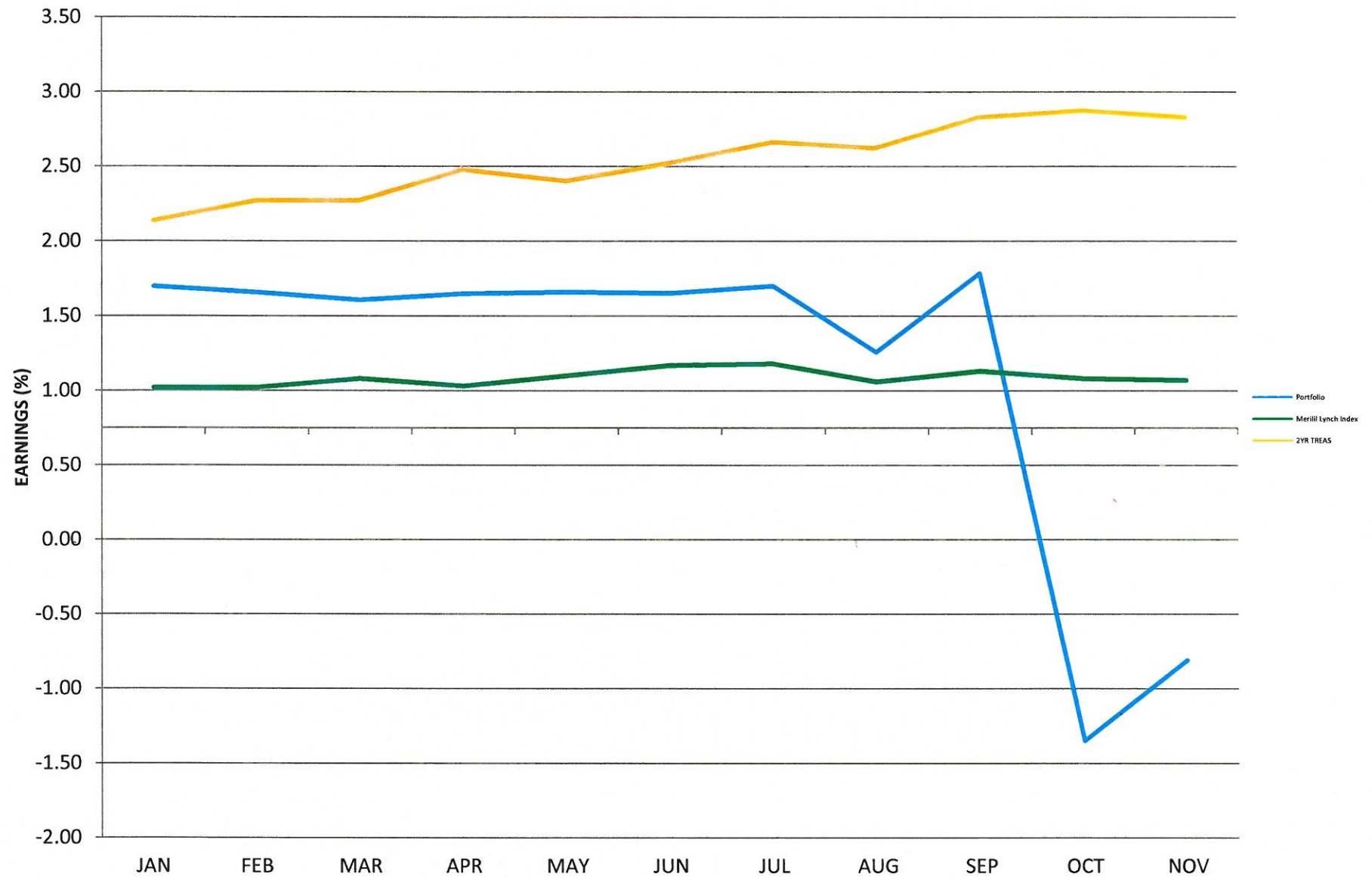
# Investment Portfolio by Maturity as of 11/30/18



# **PORTFOLIO PERFORMANCE**



## Portfolio Performance as of 11/30/18



## DATA ANALYSIS

### Metro Cash Position

Cash levels started to rebound this month. Metro still felt some residual effects from the decision to hold debt issuance to a later than normal date, as mentioned last month, which is seen in the decrease to the investment portfolio. One specific item that attributed to the increased cash levels this month, was the maturity of a 2017 BAN. This closing resulted in the release of funds held in reserve by the Revenue Commission. With the influx of these funds and the new debt strategy finalized and fully implemented, cash levels should begin to normalize in the coming months.

### Asset Allocation

There was activity for the month of November to report:

Sold:	\$1,000,000	FHLMC	1.200%	9/30/19
	\$1,000,000	FNMA	1.350%	10/28/19
	\$2,000,000	FNMA	1.300%	11/25/19
	\$2,500,000	FNMA	1.125%	9/9/19
	\$1,000,000	MUNI	4.774%	3/1/20

There were significant changes in allocation across all sectors of the portfolio. These can be attributed to the changes in cash levels as well as the activity listed above.

### Maturity Distribution

Maturity distribution changed significantly again this month. The activity above was concentrated in the 2019 sector of the portfolio but this could be looked at as a positive as it does make our laddered structure more balanced. All funds have matured for 2018 with the remaining amount being attributed to money market funds which will rollover to 2019. Any idle funds to be invested will be placed in the later years of the portfolio to help finalize the desired portfolio structure.

### Portfolio Performance

Performance is still down but did increase over last month. As we saw last month, there were losses incurred with the sale of investments related to the decision to delay issuance of debt. The securities mentioned above that were sold are the last related to this decision which should result in yields normalizing in the next months. Any idle funds will be evaluated for investment purposes in an effort to capitalize on the rising rates and potentially close the gap with the 2 year rate.

# **ECONOMIC UPDATE**



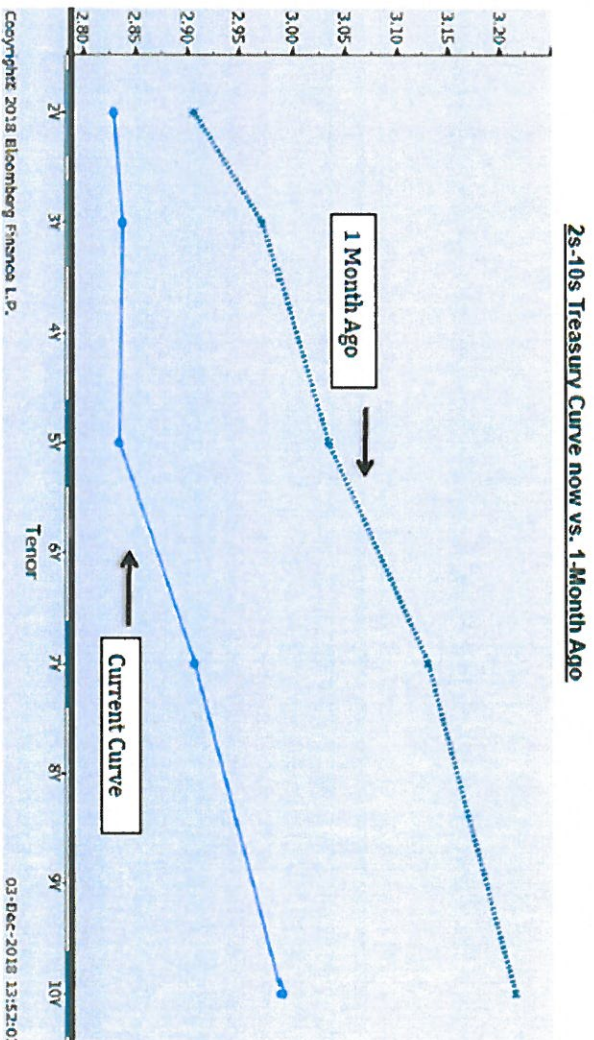
## ECONOMIC UPDATE

The FOMC has finally had their December meeting and as expected, the Fed Funds Rate was increased by 25 bps again. This is the fourth rate hike this year and moves the rate to a new range of 2.25% - 2.50%. For a larger perspective, this is the ninth hike during the current tightening cycle.

The biggest news is that the language in their statement is beginning to change. Previous statements read that "further gradual increases would be required." The statement after this latest meeting now reads that "some further gradual increases will likely be needed." It doesn't seem like much but add this to the fact that they also downgraded the number of expected rate hikes next year from three down to two and you start to understand why the market was so focused on this meeting.

This isn't the end of the downgrading speak either. Currently 11 of the 17 FOMC members are forecasting two or fewer rate hikes next year citing concerns with global economic and financial developments that have implications for the economic outlook. Basically, it's believed that future policy could become more data dependent and the long-time concerns regarding tariffs and economic growth rates. Perhaps something much more telling is that the so-called neutral rate was dropped from 3.0% down to 2.75% which is only one rate hike away.

One other item to note is that the 2yr and 3yr treasuries are yielding more than 5yr treasuries. This is a small inversion in the treasury curve but one to watch closely. The 2-10yr spread is the one that correlates to recessions when it inverts as there has been a recession in the following 18-24 months every time since 1970 when it does. While history doesn't always repeat itself, it can help explain some of the volatility we're seeing and this partial inversion could possibly signal the start of the 2-10yr inverting.



## Total Portfolio Shock Table

**Lou / Jeff Cty Metro Finance**

Effective Interest - Actual Life

Receipts in Period

11/30/2018

<i>Data Category</i>	<i>Down 300</i>	<i>Down 200</i>	<i>Down 100</i>	<i>Current</i>	<i>Up 100</i>	<i>Up 200</i>	<i>Up 300</i>
Current Par	51,221,721.31	51,221,721.31	51,221,721.31	51,221,721.31	51,221,721.31	51,221,721.31	51,221,721.31
Amor. Cost	51,257,898.40	51,257,898.40	51,257,898.40	51,257,898.40	51,257,898.40	51,257,898.40	51,257,898.40
Market Value	50,170,509.21	50,221,607.21	50,272,705.21	50,323,803.21	50,374,901.21	50,425,999.21	50,477,097.21
% Change	-0.30 (0.10)	-0.20 (0.10)	-0.10 (0.10)	0.00 (0.10)	0.10 (0.10)	0.20 (0.10)	0.30 (0.10)
Market Price	97.95	98.05	98.15	98.25	98.35	98.45	98.55
Market Yield	3.0188	2.9614	2.9041	2.8469	2.7898	2.7328	2.6758
Gain / Loss	-1,087,389.19	-1,036,291.19	-985,193.19	-934,095.19	-882,997.19	-831,899.19	-780,801.19

The table above represents the interest rate risk of the investment portfolio of individual fixed incomes securities. By adjusting current market rates and by using the matrix pricing technique, the portfolio was subjected to an immediate interest rate shock of plus or minus 300 basis points. The results in weighted average total is presented above which details the projected market value, market price, total unrealized gain (loss) and percentage market value change from the current interest rate environment.